

## Message Text

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ACTION TRSE-00

INFO OCT-01 EUR-12 ISO-00 XMB-04 COME-00 EB-08 /025 W  
-----126192 060059Z /66

R 051632Z APR 78  
FM AMEMBASSY PARIS  
TO SECSTATE WASHDC 9635  
INFO ALL OECD CAPITALS  
AMEMBASSY BRUSSELS

UNCLAS SECTION 01 OF 02 PARIS 11261

USEEC

PASS TREASURY AND EXIMBANK

E.O. 11652: N/A  
TAGS: ETRD, EGEN  
SUBJECT: MIXED CREDITS

REF: STATE 075697

THE FOLLOWING POINTS, KEYED TO THE QUESTIONS POSED  
IN REFTEL, SUMMARIZE THE STATEMENT OF FRENCH POLICY  
AND PRACTICE PROVIDED BY THE FOREIGN TRADE MINISTRY  
(THOUROT):

1. GOF POLICY REGARDING MIXED CREDITS IS THAT THEY  
CONSTITUTE AN INTEGRAL AND TRADITIONAL ASPECT OF  
FRANCE'S OVERALL ECONOMIC ASSISTANCE PROGRAM.  
MIXED CREDITS ARE PROVIDED TO TWO CATEGORIES OF  
COUNTRIES:

A) TRADITIONAL AID RECIPIENTS, PRIMARILY FRENCH  
EX-COLONIES IN NORTHERN AND SUB-SAHARAN AFRICA,  
BUT RECENTLY ALSO INCLUDING VIET-NAM AND SYRIA;  
THIS CATEGORY ALSO INCLUDES THE FOUR  
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NATIONS OF THE INDIAN SUBCONTINENT,

B) A SMALL GROUP OF NONTRADITIONAL RECIPIENTS OF  
FRENCH ASSISTANCE IN WHICH THE GOF IS NOW TAKING  
A SPECIAL INTEREST, PARTICULARLY ZAMBIA, MOZAMBIQUE  
AND THE SUDAN.

THE CONCESSIONAL ELEMENT OF MIXED CREDITS CONSTITUTES ONLY A SMALL PORTION OF THE OVERALL GOF ECONOMIC ASSISTANCE PROGRAM. IN 1976, FOR EXAMPLE, DISBURSEMENT ON TREASURY LOANS THAT FORMED A PART OF MIXED CREDITS TOTALED 947 MILLION FRANCS, WHEREAS TOTAL ODA WAS ON THE ORDER OF 10 TO 11 BILLION FRANCS. THE MIXED CREDIT APPROACH IS USED IN CONJUNCTION WITH PROJECT ASSISTANCE AND IN SOME CASES AS A FORM OF BALANCE OF PAYMENTS ASSISTANCE. IN THE LATTER CASE, CREDITS ARE TIED TO "SMALL INVESTMENT GOODS" WHICH IN PRACTICE IS OFTEN INTERPRETED LOOSELY TO INCLUDE MOST FORMS OF FRENCH MANUFACTURES. THE RATIO OF CONCESSIONAL LOANS TO COMMERCIAL CREDITS VARIES SUCH THAT THE CONCESSIONAL ELEMENT CAN RANGE FROM 70 PERCENT (GENERALLY FOR THE POOREST COUNTRIES) TO 30 PERCENT, WITH MOST PACKAGES BEING CLOSER TO THE LATTER PERCENTAGE.

2. THE GOF DOES NOT OFFER ANY OTHER TYPE OF TIED CREDITS WITH A CONCESSIONAL ELEMENT.

3. THOUROT WAS UNABLE TO PROVIDE THE TOTAL AMOUNT OF CREDITS EXTENDED UNDER THE MIXED

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ACTION TRSE-00

INFO OCT-01 EUR-12 ISO-00 EB-08 XMB-04 COME-00 /025 W  
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R 051632Z APR 78  
FM AMEMBASSY PARIS  
TO SECSTATE WASHDC 9636  
INFO ALL OECD CAPITALS  
AMEMBASSY BRUSSELS

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CREDIT CONCEPT, BUT HE DID PROVIDE THE FOLLOWING  
AMOUNTS FOR THE DISBURSEMENT OF THE TREASURY  
LOAN PORTION OF SUCH CREDITS:

1976, 947 MILLION FRANCS

1977, 961 MILLION FRANCS

AS MENTIONED ABOVE, THESE CONCESSIONAL DISBURSEMENTS  
ACCOUNT FOR BETWEEN 30 AND 70 PERCENT OF TOTAL MIXED  
CREDITS IN ANY GIVEN YEAR, BUT GENERALLY CLOSER TO  
30 PERCENT. IN TERMS OF PROTOCOLS SIGNED IN 1976,  
THE TREASURY COMPONENT OF LOANS ENVISIONED WAS  
1.4 BILLION FRANCS, WITH ACTUAL DISBURSEMENT LIKELY  
TO STRETCH OUT WELL BEYOND 1977-78.

4. THE COUNTRIES RECEIVING MIXED CREDIT AID, AND  
THE CORRESPONDING AMOUNTS, WERE PROVIDED BY  
REGIONAL GROUPS. THE NUMBERS ARE IN TERMS OF  
PROTOCOLS SIGNED RATHER THAN DISBURSEMENT, AS FOLLOWS:

A) INDIAN SUBCONTINENT (PRIMARILY INDIA, BANGLADESH,  
PAKISTAN AND SRI LANKA, BUT WITH A SMALL AMOUNT FOR  
BURMA): 310 MILLION FRANCS IN 1976.

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B. MOROCCO AND TUNISIA: 400 MILLION FRANCS IN 1976,  
BUT INCLUDING A SUBSTANTIAL PROPORTION OF BALANCE  
OF PAYMENTS FINANCING RATHER THAN PROJECT AID.

C. VIET-NAM, 200 MILLION FRANCS CUMULATIVELY  
FOR 1976, 1977, AND 1978.

D. AFRICA: APPROXIMATELY 600 MILLION FRANCS; PRECISE  
FIGURE NOT YET AVAILABLE AND WILL BE PROVIDED BY  
SEPTTEL.  
HARTMAN

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Disposition Approved on Date:**  
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**Disposition Comment:**  
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**TAGS:** ETRD, EGEN, FR  
**To:** STATE USEEC  
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**Review Markings:**  
Sheryl P. Walter  
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